



In Reply To:

United States Department of the Interior

BUREAU OF LAND MANAGEMENT
Montana State Office
5001 Southgate Drive, P.O. Box 36800
Billings, Montana 59107-6800
<http://www.mt.blm.gov/>



MTM 92158

Notice of Competitive Lease Sale Oil and Gas

November 26, 2002

The Montana State Office is holding a competitive oral sale of Federal lands in the States of Montana, and North Dakota for oil and gas leasing. We are attaching a list that includes the parcel numbers, legal land descriptions and corresponding stipulations. The list is available on the Internet at:
<http://www.mt.blm.gov/oilgas>.

When and where will the sale take place?

- When:** The competitive sale begins at 9:00 a.m. on Tuesday, November 26, 2002. The sale room opens at 8:00 a.m. for registration and assignment of bidder numbers.
- Where:** We will hold the sale at the Bureau of Land Management, Montana State Office, 5001 Southgate Drive, Billings, Montana. Parking is available.
- Access:** The sale room is accessible to persons with disabilities. If you need a sign language interpreter or materials in an alternate format, please tell us no later than one week before the sale. You may contact Elaine Kaufman at (406) 896-5108 or Joan Seibert at (406) 896-5093.

How do I register as a bidder?

Before the sale starts, you must complete a bidder registration form to obtain a bidding number. The forms are available at the registration desk.

What is the sale process?

Starting at 9:00 a.m. on the day of the sale:

- \$ the auctioneer offers the parcels in the order they are shown on the attached list;
- \$ registered bidders make oral bids on a per-acre basis for all acres in a parcel;
- \$ the winning bid is the highest oral bid equal to or exceeding the minimum \$2.00 bid;
- \$ the decision of the auctioneer is final; and
- \$ names of high bidders (lessees) remain confidential until the results list is available.

If a parcel contains fractional acreage, round it up to the next whole acre. For example, a parcel of 100.48 acres requires a minimum bid of \$202 (101 acres x \$2).

If the United States owns less than 100 percent of the oil and gas rights in a parcel, we will issue the lease for the percentage of interest the United States owns. You must calculate your bid and advance rental payment on the gross acreage in the parcel. For example, if the U.S. owns 50 percent of the oil and gas in a 100.48 acre parcel, the minimum bid is \$202 (101 acres x \$2) and the advance rental due is \$151.50 (101 acres x \$1.50).

What conditions apply to the lease sale?

\$ Parcel withdrawal or sale cancellation: We reserve the right to withdraw any or all parcels before the sale begins. If we withdraw parcels or cancel a sale, we will post a notice in our Public Records and Information Center and announce the withdrawn parcels at the sale.

\$ Lease terms: Leases issue for a primary term of 10 years. They continue beyond the primary term as long as the lease is producing in paying quantities or receiving production from another source. Rental is \$1.50 per acre for the first 5 years (\$2 per acre after that) until production begins. Once a lease is producing, we charge a royalty of 12.5 percent on the production removed or sold from the lease. You will find other lease terms on our standard lease form (Form 3100-11, June 1988 or later edition).

\$ Stipulations: Some parcels are subject to surface use restrictions or conditions affecting how you conduct operations on the lands. The stipulations become part of the lease and replace any inconsistent provisions of the lease form.

\$ Bid form: On the day of the sale, successful bidders must submit a properly completed lease bid form (Form 3000-2, October 1989 or later edition) along with their payment. The bid form is a legally binding offer to accept a lease and all its terms and conditions. When the prospective lessee or an authorized representative signs the bid form, they certify the lessee meets the conditions of 43 CFR 3102.5-2 and complies with 18 U.S.C. 1860, a law that prohibits unlawful combinations, intimidation of bidders, and collusion among bidders. You cannot withdraw your bid.

\$ Payment:

\$ minimum due by 4:00 p.m. on day of sale:

Bonus bid deposit of \$2.00 per acre or fraction thereof;

First year's rent of \$1.50 per acre or fraction thereof except for future interest parcels; and

\$75 nonrefundable administrative fee

\$ remaining balance due by 4:00 p.m. December 11, 2002

If you don't pay in full by this date, you lose the right to the lease and all the money you paid the day of the sale. We may offer the parcel in a future sale.

\$ Method of payment: You can pay by:

\$ personal check;

\$ certified check;

\$ money order; or

\$ credit card (Visa, Mastercard, American Express or Discover).

Make checks payable to: **Department of the Interior-BLM.** We do not accept cash. If you previously paid us with a check backed by insufficient funds, we will require a guaranteed payment, such as a certified check.

\$ Lease issuance: After we receive the bid forms and all monies due, we can issue the lease. The lease effective date is the first day of the month following the month we sign it. We can make the lease effective the first day of the month in which we sign it, if you ask us in writing before we sign the lease.

How can I find out the results of this sale?

We post the sale results in our Public Records and Information Center and the Internet at: <http://www.mt.blm.gov/oilgas>. You can buy a \$5/\$10 printed copy of the results list from the Public Records and Information Center.

How do I file a noncompetitive offer after the sale?

Lands that do not receive a bid and are not subject to a pre-sale offer are available for a two-year period beginning the day after the sale. To file a noncompetitive offer, you must submit:

- \$ three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$ \$75 nonrefundable administrative fee; and
- \$ first year's advance rental (\$1.50 per acre or fraction thereof)

Place offers filed on the day of the sale and the first business day after the sale in the drop box in the Public Records and Information Center. We consider those offers simultaneously filed. When a parcel receives more than one filing by 4 p.m. on the day after the sale, we will hold a drawing to determine the winner. Offers filed after this time period, receive priority according to the date and time of filing in this office.

How do I file a noncompetitive pre-sale offer?

Under our regulations at 43 CFR 3110.1(a), you may file a noncompetitive pre-sale offer for lands that:

- \$ are available; and
- \$ have not been under lease during the previous one-year period; or
- \$ have not been in a competitive lease sale within the previous two-year period.

Once we post a competitive sale notice, you cannot file a pre-sale offer for lands shown on the notice.

To file a pre-sale offer, you must submit:

- \$ three copies of standard lease form (Form 3100-11, June 1988 or later edition) with lands described as specified in our regulations at 43 CFR 3110.5;
- \$ \$75 nonrefundable administrative fee; and
- \$ first year's advance rental (\$1.50 per acre or fraction thereof)

If we don't receive a bid at the sale for the parcel(s) contained in your pre-sale offer, we will issue the lease. You can withdraw your offer prior to the date we sign your lease. Your pre-sale offer is your consent to the terms and conditions of the lease, including any additional stipulations advertised in the Competitive Sale Notice.

Where can I obtain information pertaining to the individual Forest Service Stipulations?

The applicable Forest Service Environmental Impact Studies (EIS) describe stipulations for parcels located within the administrative boundary of the Forest Service units. The Geographic Information System (GIS) maps of the stipulations may be viewed at the following Forest Service offices:

- \$ The individual District Ranger's Office identified in the stipulation listing included with this sale notice,

- or
\$ The individual Forest Supervisor's Office identified in the stipulation listing included with this sale notice,
or
\$ Forest Service, Region One Office, 200 East Broadway, Missoula, Montana

How do I nominate lands for future sales?

- \$ file a letter with this office describing the lands you want put up for sale;
\$ file a pre-sale offer

Who should I contact if I have a question?

For more information, contact Tessie Vaughn at (406) 896-5091.

When is the next competitive oil and gas lease sale scheduled in Montana?

We are tentatively holding our next competitive sale on January 28, 2003.

Karen L. Johnson, Chief
Fluids Adjudication Section

OFFICIAL POSTING DATE MUST BE ON OR BEFORE OCTOBER 11, 2002

The official posting date will be noted on the copy posted in the Information Access Center of the Bureau of Land Management, Billings, Montana.

PUBLIC NOTICE

Any noncompetitive offers received for lands that are listed on the Notice from the time the list is officially posted in the Montana State Office Public Room until the first business day following the completion of the sale will be rejected as unavailable for filing per 43 CFR 3110.1(a)(ii).

THE FOLLOWING NOTICE WILL BE ATTACHED TO ALL ISSUED LEASES

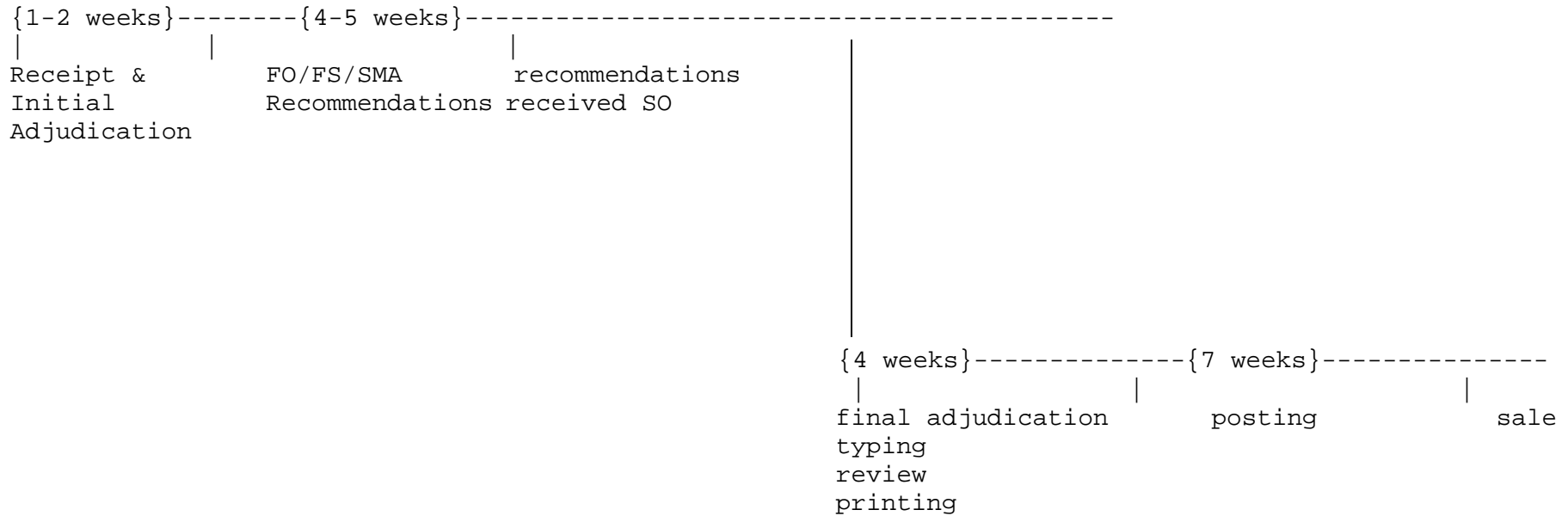
NOTICE TO LESSEE

Provisions of the Mineral Leasing Act (MLA) of 1920, as amended by the Federal Coal Leasing Amendments Act of 1976, affect an entity's qualifications to obtain an oil and gas lease. Section 2(a)(2)(A) of the MLA, 30 U.S.C. 201(a)(2)(A), requires that any entity that holds and has held a Federal coal lease for 10 years beginning on or after August 4, 1976, and who is not producing coal in commercial quantities from each such lease, cannot qualify for the issuance of any other lease granted under the MLA. Compliance by coal lessees with Section 2(a)(2)(A) is explained in 43 CFR 3472.

In accordance with the terms of this oil and gas lease with respect to compliance by the initial lessee with qualifications concerning Federal coal lease holdings, all assignees and transferees are hereby notified that this oil and gas lease is subject to cancellation if: (1) the initial lessee as assignor or as transferor has falsely certified compliance with Section 2(a)(2)(A) or (2) because of a denial or disapproval by a State Office of a pending coal action, i.e., arms-length assignment, relinquishment, or logical mining unit, the initial lessee as assignor or as transferor is no longer in compliance with Section 2(a)(2)(A). The assignee or transferee does not qualify as a bona fide purchaser and, thus, has no rights to bona fide purchaser protection in the event of cancellation of this lease due to noncompliance with Section 2(a)(2)(A).

Information regarding assignor or transferor compliance with Section 2(a)(2)(A) is contained in the lease case file as well as in other Bureau of Land Management records available through the State Office issuing this lease.

**TIMELINE TO PROCESS EXPRESSIONS OF INTEREST (EOI)
OR PRESALE OFFERS**



**Total time required to process EOI/Offer
4-5 months {16-18 weeks}**

SMA-Surface Management Agency
 ie: Forest Service, Bureau of Reclamation
 FO-BLM Field Office FS-BLM Field Office
 SO-Mon

ALL LANDS ARE LISTED IN TOWNSHIP AND RANGE ORDER

MONTANA

11-02-01 ACQ
T. 34 N, R. 17 E, PMM, MT
sec. 1 LOTS 1,2;
1 S2NE,SE;
2 LOTS 3,4;
2 S2NW,SW;
3 LOTS 1,2,3,4;
3 SENE,E2SE;
Blaine 920.07 AC
Stipulations: Standard, Raptor

11-02-02 PD
T. 34 N, R. 18 E, PMM, MT
sec. 10 E2SW;
11 NESW;
Blaine 120.00 AC
Stipulations: Standard, Raptor

11-02-03 PD
T. 12 N, R. 30 E, PMM, MT
sec. 18 LOTS 5-20 INCL;
Petroleum 693.26 AC
Stipulation: Standard

11-02-04 PD
T. 12 N, R. 30 E, PMM, MT
sec. 20 S2;
Petroleum 320.00 AC
Stipulation: Standard

11-02-05 PD
T. 12 N, R. 30 E, PMM, MT
sec. 28 N2NE,SWNE,NW,N2SW,SWSW;
Petroleum 400.00 AC
Stipulation: Standard

11-02-06 PD
T. 12 N, R. 30 E, PMM, MT
sec. 30 LOTS 1,2,3,4;
30 E2,E2W2;
Petroleum 665.20 AC
Stipulation: Standard

11-02-07 PD
T. 13 N, R. 30 E, PMM, MT
sec. 8 SWNE,S2SW,NWSE;
18 lots 1,2,3,4;
18 E2,E2W2;
20 W2NE,NW,S2;
28 NWNW;
Petroleum 1394.56 AC
Stipulation: Standard

11-02-08 ACQ
T. 13 N, R. 30 E, PMM, MT
sec. 17 PORTION SWSE LYING WEST
OF MUSSELSHELL RIVER;
17 W2;
27 PORTION LYING WEST OF
MUSSELSHELL RIVER;
Petroleum 609.44 AC
Stipulation: Standard

11-02-09 ACQ
T. 13 N, R. 30 E, PMM, MT
sec. 29 ALL;
Petroleum 640.00 AC
Stipulation: Standard

11-02-10 PD
T. 13 N, R. 30 E, PMM, MT
sec. 30 LOTS 1,2,3,4;
30 E2,E2W2;
Petroleum 639.56 AC
Stipulation: Standard

11-02-11 ACQ
T. 13 N, R. 30 E, PMM, MT
sec. 31 LOTS 1,2,3,4;
31 E2,E2W2;
Petroleum 639.16 AC
Stipulation: Standard

11-02-12 PD
T. 13 N, R. 30 E, PMM, MT
sec. 32 ALL
Petroleum 640.00 AC
Stipulation: Standard

11-02-13 ACQ
T. 13 N, R. 30 E, PMM, MT
sec. 33 ALL;
Petroleum 640.00 AC
Stipulation: Standard

11-02-14 PD
Presale Offer: MTM 91957
T. 30 N, R. 31 E, PMM, MT
sec. 13 ALL;
14 ALL;
15 NENE,S2N2,S2;
Phillips 1800.00 AC
Stipulations: Standard,
BOR GP-135, BOR Form 3109-1

11-02-15 PD
Presale Offer: MTM 91957
T. 30 N, R. 31 E, PMM, MT
sec. 17 ALL;
18 E2;
Phillips 960.00 AC
Stipulations: Standard,
BOR GP-135, BOR Form 3109-1

11-02-16 PD
Presale Offer: MTM 91957
T. 30 N, R. 31 E, PMM, MT
sec. 20 E2,SENW,NESW,S2SW;
21 ALL;
28 ALL;
29 E2;
Phillips 2080.00 AC
Stipulation: Standard

11-02-17 PD
Presale Offer: MTM 91958
T. 30 N, R. 34 E, PMM, MT
sec. 2 LOTS 1,2,3,4,7,8,9,10;
2 E2SW,SE;
3 LOTS 1,2,12;
3 W2SW;
4 LOTS 4,5,6, 9-14 INCL;
4 SW,W2SE;
Phillips 1267.78 AC
Stipulation: Standard

11-02-18 PD
T. 37 N, R. 34 E, PMM, MT
sec. 1 LOTS 1,2,3,4;
1 S2N2,S2;
2 LOTS 1,2,3,4;
2 S2N2;
11 ALL;
12 N2,SW,N2SE,SWSE;
Phillips 2238.36 AC
Stipulation: Standard

11-02-19 ACQ
T. 37 N, R. 34 E, PMM, MT
sec. 10 NE,E2W2;
12 SESE;
13 E2NE;
Phillips 440.00 AC
Stipulation: Standard

11-02-20 PD
T. 37 N, R. 34 E, PMM, MT
sec. 10 SWNW;
Phillips 40.00 AC
Stipulation: Standard

11-02-21 PD
T. 37 N, R. 34 E, PMM, MT
sec. 13 W2NE,NW,S2;
14 ALL;
23 ALL;
24 N2,SW,N2SE,SWSE;
Phillips 2440.00 AC
Stipulation: Standard

11-02-22 PD
T. 37 N, R. 34 E, PMM, MT
sec. 15 S2;
22 E2E2;
Phillips 480.00 AC
stipulation: Standard

11-02-23 PD
T. 37 N, R. 34 E, PMM, MT
sec. 25 NWNE,S2NE,NW,S2;
26 E2;
Phillips 920.00 AC
Stipulation: Standard

11-02-24 PD
T. 31 N, R. 4 W, PMM, MT
sec. 23 SWNE,W2NW,SENW,SW,N2SE,
SESE;
24 NE,E2NW,SW;
25 W2SW;
Pondera 920.00 AC
Stipulation: Standard

NORTH DAKOTA

11-02-25 PD
T. 129 N, R. 106 W, 5TH PM, ND
sec. 21 BED LITTLE MISSOURI
RIVER RIPARIAN TO
LOTS 1,2,3 DESC BY M&B;
(28.42 ac.)
22 BED LITTLE MISSOURI
RIVER RIPARIAN TO
LOTS 2-6 INCL DESC
BY M&B; (60.92 ac.)
Bowman 89.34 AC
Stipulations: Standard, Timing-1,
CSU

The exact metes and bounds
description will be made a part of
any lease issued for these lands.

**This parcel is located within the
Little Missouri Pierre Unit
designated as unleased Tracts 53A,
55B and 56C. These lands were
committed to the unit by the
Authorized Officer at the time of
unit approval. Joinder to the unit
is not required.**

11-02-26 PD
T. 130 N, R. 106 W, 5TH PM, ND
sec. 19 NE;
Bowman 160.00 AC
Stipulations: Standard, Timing-2,
CSU

The exact metes and bounds
description will be made a part of
any lease issued for these lands.

**This parcel is located within the
Little Missouri Pierre Unit
designated as unleased Tract 3B.
These lands were committed to the
unit by the Authorized Officer at
the time of unit approval. Joinder
to the unit is not required.**

STATISTICS

Total Parcels:	26
Total Acreage:	22,156.73
Total Number of parcels With Presale Offers	4
Parcel Numbers:	11-02-14 11-02-15 11-02-16 11-02-17
Total Acres with Presale Offers:	6,107.78

UNITED STATES DEPARTMENT OF THE INTERIOR
Bureau of Land Management
P. O. Box 36800
Billings, Montana 59107

OIL AND GAS LEASE STIPULATIONS

ESTHETICS--To maintain esthetic values, all surface-disturbing activities, semipermanent and permanent facilities may require special design including location, painting and camouflage to blend with the natural surroundings and meet the intent of the visual quality objectives of the Federal Surface Managing Agency (SMA).

EROSION CONTROL--Surface-disturbing activities may be prohibited during muddy and/or wet soil periods.

CONTROLLED OR LIMITED SURFACE USE STIPULATION --This stipulation may be modified, consistent with land use documents, when specifically approved in writing by the Bureau of Land Management (BLM) with concurrence of the SMA. Distances and/or time periods may be made less restrictive depending on the actual onground conditions. The prospective lessee should contact the SMA for more specific locations and information regarding the restrictive nature of this stipulation.

The lessee/operator is given notice that the lands within this lease may include special areas and that such areas may contain special values, may be needed for special purposes, or may require special attention to prevent damage to surface and/or other resources. Possible special areas are identified below. Any surface use or occupancy within such special areas will be strictly controlled, or **if absolutely necessary**, excluded. Use or occupancy will be restricted only when the BLM and/or the SMA demonstrates the restriction necessary for the protection of such special areas and existing or planned uses. Appropriate modifications to imposed restrictions will be made for the maintenance and operations of producing oil and gas wells.

After the SMA has been advised of specific proposed surface use or occupancy on the leased lands, and on request of the lessee/operator, the Agency will furnish further data on any special areas which may include:

100 feet from the edge of the rights-of-way from highways, designated county roads and appropriate federally-owned or controlled roads and recreation trails.

500 feet, or when necessary, within the 25-year flood plain from reservoirs, lakes, and ponds and intermittent, ephemeral or small perennial streams: 1,000 feet, or when necessary, within the 100-year flood plain from larger perennial streams, rivers, and domestic water supplies.

500 feet from grouse strutting grounds. Special care to avoid nesting areas associated with strutting grounds will be necessary during the period from March 1, to June 30. One-fourth mile from identified essential habitat of state and federal sensitive species. Crucial wildlife winter ranges during the period from December 1 to May 15, and in elk calving areas during the period from May 1 to June 30.

300 feet from occupied buildings, developed recreational areas, undeveloped recreational areas receiving concentrated public use and sites eligible for or designated as National Register sites.

Seasonal road closures, roads for special uses, specified roads during heavy traffic periods and on areas having restrictive off-road vehicle designations.

On slopes over 30 percent or 20 percent on extremely erodable or slumping soils.

Standard(May 2001)

See Notice on Back

NOTICE

APPLICATIONS FOR PERMIT TO DRILL (APDs)--The appropriate BLM field offices are responsible for the receipt, processing, and approval of APDs. The APDs are to be submitted by oil and gas operators pursuant to the requirements found in Onshore Oil and Gas Order No. 1 -- Approval of Operations on Onshore Federal and Indian Oil and Gas Leases (Circular No. 2538). Additional requirements for the conduct of oil and gas operations can be found in the Code of Federal Regulations Title 43, Part 3160. Copies of Onshore Oil and Gas Order No. 1, and pertinent regulations, can be obtained from the BLM field offices in which the operations are proposed. Early coordination with these offices on proposals is encouraged.

CULTURAL AND PALEONTOLOGICAL RESOURCES--The SMA is responsible for assuring that the leased lands are examined to determine if cultural resources are present and to specify mitigation measures. Prior to undertaking any surface-disturbing activities on the lands covered by this lease, the lessee or operator, unless notified to the contrary by the SMA, shall:

1. Contact the appropriate SMA to determine if a site-specific cultural resource inventory is required. If an inventory is required, then:
2. Engage the services of a cultural resource specialist acceptable to the SMA to conduct a cultural resource inventory of the area of proposed surface disturbance. The operator may elect to inventory an area larger than the area of proposed disturbance to cover possible site relocation which may result from environmental or other considerations. An acceptable inventory report is to be submitted to the SMA for review and approval no later than that time when an otherwise complete application for approval of drilling or subsequent surface-disturbing operation is submitted.
3. Implement mitigation measures required by the SMA. Mitigation may include the relocation of proposed lease-related activities or other protective measures such as testing salvage and recordation. Where impacts to cultural resources cannot be mitigated to the satisfaction of the SMA, surface occupancy on that area must be prohibited.

The operator shall immediately bring to the attention of the SMA any cultural or paleontological resources discovered as a result of approved operations under this lease, and not disturb such discoveries until directed to proceed by the SMA.

ENDANGERED OR THREATENED SPECIES--The SMA is responsible for assuring that the leased land is examined prior to undertaking any surface-disturbing activities to determine effects upon any plant or animal species, listed or proposed for listing as endangered or threatened, or their habitats. The findings of this examination may result in some restrictions to the operator's plans or even disallow use and occupancy that would be in violation of the Endangered Species Act of 1973 by detrimentally affecting endangered or threatened species or their habitats.

The lessee/operator may, unless notified by the authorized officer of the SMA that the examination is not necessary, conduct the examination on the leased lands at his discretion and cost. This examination must be done by or under the supervision of a qualified resources specialist approved by the SMA. An acceptable report must be provided to the SMA identifying the anticipated effects of a proposed action on endangered or threatened species or their habitats.

RAPTOR STIPULATION FOR THE KEVIN RIM AND SWEET GRASS HILLS AREAS OF CRITICAL ENVIRONMENTAL CONCERN

As directed by the West HiLine Resource Management Plan/Environmental Impact Statement, Final, 1988, the Rocky Mountain Front Raptor Guidelines will be followed for all activities associated with this lease. At the time of APD approval, any portion or all of the site specific stipulations will be developed from the guidelines. Exceptions to stipulations in any particular year may be specifically approved in writing by the authorized officer.

Following are general recommended nest buffer zones related to various human activities. These recommended zones are not inclusive; details in terrain, vegetation, type and duration and familiarity of disturbance, specific temperament of individual birds, phase of nesting cycle, etc., all enter into determining the actual needed buffer zone at a given nest site. Preclusion of human activity at a given nest territory should be tempered with as many variables as possible and on a site specific basis.

<u>Activity</u>	<u>Recommended buffer zones</u>
Off-road vehicle use	1/4 mi - 1/2 mi
Camping	1/4 mi - 1/2 mi
Hiking	1/4 mi - 1/2 mi
Road Construction	1/2 mi - 1 mi
Building/construction	1/2 mi - 3 mi
Mining/heavy equip. or blasting	1 mi - 3 mi
Aircraft flights (low altitude)	1/4 mi - 1 mi

Approximate nesting dates for some raptors that occur in the West HiLine Area:

<u>Species</u>	<u>Approximate Dates of Nesting Season</u>
Turkey Vulture	April 15 - August 1
*Golden Eagle	February 1 - July 30
**Bald Eagle	February 15 - August 15
Northern Harrier	April 1 - July 15
Sharp-Shinned Hawk	April 15 - August 15
*Coopers Hawk	April 15 - August 15
*Northern Goshawk	April 15 - August 15
Red-tailed Hawk	April 15 - August 15
Swainson's Hawk	May 1 - September 15
*Ferruginous Hawk	April 1 - July 30
American Kestrel	May 1 - August 15
*Merlin	April 15 - August 15
*Prairie Falcon	March 15 - July 30
**Peregrine Falcon	April 15 - August 1
Short-eared Owl	March 1 - August 1
Long-eared Owl	March 1 - August 1
Great-horned Owl	January 1 - August 1
Great gray Owl	March 1 - August 15
Eastern Screech Owl	March 1 - July 1
Northern pygmy Owl	March 1 - July 15
*Northern Saw-whet Owl	March 1 - August 30
*Burrowing Owl	March 15 - July 15

*Species of special interest or concern

**Federally Listed Species

Species most common to Kevin Rim and Sweet Grass Hills are underlined

Raptor Stipulation

11-02-01 11-02-02

SPECIAL STIPULATION - BUREAU OF RECLAMATION

To avoid interference with recreation development and/or impacts to fish and wildlife habitat and to assist in preventing damage to any Bureau of Reclamation dams, reservoirs, canals, ditches, laterals, tunnels, and related facilities, and contamination of the water supply therein, the lessee agrees that the following conditions shall apply to all exploration and developmental activities and other operation of the works thereafter on lands covered by this lease:

1. Prior to commencement of any surface-disturbing work including drilling, access road work, and well location construction, a surface use and operations plan will be filed with the appropriate officials. A copy of this plan will be furnished to the Regional Director, Great Plains Region, Bureau of Reclamation, P.O. Box 36900, Billings, MT 59107-6900, for review and consent prior to approval of the plan. Such approval will be conditioned on reasonable requirements needed to prevent soil erosion, water pollution, and unnecessary damages to the surface vegetation and other resources, including cultural resources, of the United States, its lessees, permittees, or licensees, and to provide for the restoration of the land surface and vegetation. The plan shall contain provisions as the Bureau of Reclamation may deem necessary to maintain proper management of the water, recreation, lands structures, and resources, including cultural resources, within the prospecting drilling, or construction area.

Drilling sites for all wells and associated investigations such as seismograph work shall be included in the above-mentioned surface use and operation plan.

If later explorations require departure from or additions to the approved plan, these revisions or amendments, together with a justification statement for proposed revisions, will be submitted for approval to the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

Any operations conducted in advance of approval of an original, revised, or amended prospecting plan, or which are not in accordance with an approved plan constitute a violation of the terms of this lease. The Bureau of Reclamation reserves the right to close down operations until such corrective action, as is deemed necessary, is taken by the lessee.

2. No occupancy of the surface of the following excluded areas is authorized by this lease. It is understood and agreed that the use of these areas for Bureau of Reclamation purposes is superior to any other use. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100 percent of the fee mineral interest.

a. Within 500 feet on either side of the centerline of any and all roads or highways within the leased area.

b. Within 200 feet on either side of the centerline of any and all trails within the leased area.

c. Within 500 feet of the normal high-water line of any and all live streams in the leased area.

d. Within 400 feet of any and all recreation developments within the leased area.

11-02-14
11-02-15

e. Within 400 feet of any improvements either owned, permitted, leased, or otherwise authorized by the Bureau of Reclamation within the leased area.

f. Within 200 feet of established crop fields, food plots, and tree/shrub plantings within the leased area.

g. Within 200 feet of slopes steeper than a 2:1 gradient within the leased area.

h. Within established rights-of-way of canals, laterals, and drainage ditches within the leased area.

i. Within a minimum of 500 feet horizontal from the centerline of the facility or 50 feet from the outside toe of the canal, lateral, or drain embankment, whichever distance is greater, for irrigation facilities without clearly marked rights-of-way within the leased area.

j. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected, Reclamation may consider, on a case-by-case basis, waiving the requirement specified in Section 2 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

3. No occupancy of the surface or surface drilling will be allowed in the following areas. In addition to, no directional drilling will be allowed that would intersect the subsurface zones delineated by a vertical plane in these areas. The following restrictions apply only to mineral tracts located within the boundary of a Bureau of Reclamation project where the United States owns 100% of the fee mineral interest.

a. Within 1,000 feet of the maximum water surface, as defined in the Standard Operating Procedures (SOP), of any reservoirs and related facilities located within the leased area.

b. Within 2,000 feet of dam embankments and appurtenance structures such as spillway structures, outlet works, etc.

c. Within one-half (1/2) mile horizontal from the centerline of any tunnel within the leased area.

d. Providing that appropriate environmental compliance measures can be ensured, and providing further that Reclamation project works and other public interests can be protected. Reclamation may consider, on a case-by-case basis, waiving the requirements specified in Section 3 hereof. HOWEVER, LESSEES ARE ADVISED THAT OBTAINING SUCH A WAIVER CAN BE A DIFFICULT, TIME CONSUMING, AND COSTLY PROCESS WITH NO GUARANTEE THAT RECLAMATION WILL GRANT THE REQUESTED WAIVER.

4. The distances stated in items 2 and 3 above are intended to be general indicators only. The Bureau of Reclamation reserves the right to revise these distances as needed to protect Bureau of Reclamation facilities.

5. The use of explosives in any manner shall be so controlled that the works and facilities of the United States, its successors and assigns, will in no way be endangered or damaged. In this connection, an explosives use plan shall be submitted to and approved by the Regional Director, Great Plains Region, Bureau of Reclamation, or his authorized representative.

6. The lessee shall be liable for all damage to the property of the United States, its successors and assigns, resulting from the exploration, development, or operation of the works contemplated by this lease, and shall further hold the United States, its successors and assigns, and its officers, agents, and employees, harmless from

all claims of third parties for injury or damage sustained or in any way resulting from the exercise of the rights and privileges conferred by this lease.

7. The lessee shall be liable for all damage to crops or improvements of any entryman, nonmineral applicant, or patentee, their successors and assigns, caused by or resulting from the drilling or other operations of the lessee, including reimbursement of any entryman or patentee, their successors and assigns, for all construction, operation, and maintenance charges becoming due on any portion of their said lands damaged as a result of the drilling or other operations of the lessee.

8. In addition to any other bond required under the provisions of this lease, the lessee shall provide such bond as the United States may at any time require for damages which may arise under the liability provisions of sections six (6) and seven (7) above.

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF LAND MANAGEMENT

LEASE STIPULATIONS
BUREAU OF RECLAMATION

The lessee agrees to maintain, if required by the lessor during the period of this lease, including any extension thereof, an additional bond with qualified sureties in such sum as the lessor, if it considers that the bond required under Section 2(a) is insufficient, may at any time require:

(a) to pay for damages sustained by any reclamation homestead entryman to his crops or improvements caused by drilling or other operations of the lessee, such damages to include the reimbursement of the entryman by the lessee, when he uses or occupies the land of any homestead entryman, for all construction and operation and maintenance charges becoming due during such use or occupation upon any portion of the land so used and occupied;

(b) to pay any damage caused to any reclamation project or water supply thereof by the lessee's failure to comply fully with the requirements of this lease; and

(c) to recompense any nonmineral applicant, entryman, purchaser under the Act of May 16, 1930 (46 Stat. 367), or patentee for all damages to crops or to tangible improvements caused by drilling or other prospecting operation, where any of the lands covered by this lease are embraced in any nonmineral application, entry, or patent under rights initiated prior to the date of this lease, with a reservation of the oil deposits, to the United States pursuant to the Act of July 17, 1914 (38 Stat. 509).

As to any lands covered by this lease within the area of any Government reclamation project, or in proximity thereto, the lessee shall take such precautions as required by the irrigation under such project or to the water supply thereof; *provided* that drilling is prohibited on any constructed works or right-of-way of the Bureau of Reclamation, and *provided, further*, that there is reserved to the lessor, its successors and assigns, the superior and prior right at all times to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, and reclamation works, in which construction, operation, and maintenance, the lessor, its successors and assigns, shall have the right to use any or all of the lands herein described without making compensation therefor, and shall not be responsible for any damage from the presence of water thereon or on account of ordinary, extraordinary, unexpected, or unprecedented floods. That nothing shall be done under this lease to increase the cost of, or interfere in any manner with, the construction, operation, and maintenance of such works. It is agreed by the lessee that, if the construction of any or all of said dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone or telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures or reclamation works across, over, or upon said lands should be made more expensive by reason of the existence of the improvements and workings of the lessee thereon, said additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties
(continued on reverse)

hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States, or its successors, constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, appurtenant irrigation structures, or reclamation works, across, over, or upon said lands; *provided, however*, that subject to advance written approval by the United States, the location and course of any improvements or works and appurtenances may be changed by the lessee; *provided, further*, that the reservations, agreements, and conditions contained in the within lease shall be and remain applicable notwithstanding any change in the location or course of said improvements or works of lessee. The lessee further agrees that the United States, its officers, agents, and employees, and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works hereinabove enumerated. Nothing in this paragraph shall be construed as in any manner limiting other reservations in favor of the United States contained in this lease.

THE LESSEE FURTHER AGREES That there is reserved to the lessor, its successors and assigns, the prior right to use any of the lands herein leased, to construct, operate, and maintain dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures, and also the right to remove construction materials therefrom, without any payment made by the lessor or its successors for such right, with the agreement on the part of the lessee that if the construction of any or all of such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or the removal of construction materials therefrom, should be made more expensive by reason of the existence of improvements or workings of the lessee thereon, such additional expense is to be estimated by the Secretary of the Interior, whose estimate is to be final and binding upon the parties hereto, and that within thirty (30) days after demand is made upon the lessee for payment of any such sums, the lessee will make payment thereof to the United States or its successors constructing such dams, dikes, reservoirs, canals, wasteways, laterals, ditches, telephone and telegraph lines, electric transmission lines, roadways, or appurtenant irrigation structures across, over, or upon said lands or removing construction materials therefrom. The lessee further agrees that the lessor, its officers, agents, and employees and its successors and assigns shall not be held liable for any damage to the improvements or workings of the lessee resulting from the construction, operation, and maintenance of any of the works herein above enumerated. Nothing contained in this paragraph shall be construed as in any manner limiting other reservations in favor of the lessor contained in this lease.

To insure against the contamination of the waters of the _____ Reservoir, _____
_____ Project, State of _____,
the lessee agrees that _____
the following further conditions shall apply to all drilling and operations on
lands covered by this lease, which lie within the flowage or drainage area of the
_____ Reservoir, as such area _____
is defined by the Bureau of Reclamation:

1. The drilling sites for any and all wells shall be approved
by the Superintendent, Bureau of Reclamation, _____
_____ Project,
_____ before _____
drilling begins. Sites for the construction of pipe-line rights-of-way or other
authorized facilities shall also be approved by the Superintendent before
construction begins.

2. All drilling or operation methods or equipment shall,
before their employment, be inspected and approved by the Superintendent of the
_____ Project, _____,
and by the supervisor of the U.S. Geological Survey having jurisdiction over the
area.

CONTROLLED SURFACE USE STIPULATION

Surface occupancy or use will be subject to the following special operating constraint: No disturbance of riparian areas of wetlands, intermittent, ephemeral, or perennial streams and rivers would be allowed except for essential road and utility crossings.

<u>Parcel No.</u>	<u>Land Description</u>
11-02-25	T 129 N, R 106 W, 5 th PM sec. 21: Bed of Little Missouri River riparian to lots 1,2,3 described by metes and bounds sec. 22: Bed of Little Missouri River riparian to lots 2-6 described by metes and bounds
11-02-26	T. 130 N, R 106 W, 5 TH PM sec. 19: NE

For the purpose of:

1. Protection of riparian habitat (NDRMP - p. 20).

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING LIMITATION

Surface occupancy of use would be subject to the following special operating constraint: No surface use would be allowed within two miles of strutting grounds during the following time period: March 1 to June 30. This stipulation does not apply to operation and maintenance of production facilities.

On the lands described below:

<u>Parcel No.</u>	<u>Land Description</u>
11-02-25	T 129 N, R 106 W, 5 th PM sec. 21: Bed of Little Missouri River riparian to lots 1,2,3 described by metes and bounds sec. 22: Bed of Little Missouri River riparian to lots 2-6 described by metes and bounds

For the purpose of:

Protection of sage grouse strutting activities (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)

TIMING LIMITATION

Surface occupancy of use would be subject to the following special operating constraint: Between March 1 and June 1 travel will be restricted to maintain roads in the Big Gumbo Management Area. Exceptions will be allowed for emergency uses if approved by the authorized office.

On the lands described below:

<u>Parcel No.</u>	<u>Land Description</u>
11-02-26	T 130 N, R 106 W, 5 th PM sec. 19: NE

For the purpose of:

Protection of fragile vegetation and soils (NDRMP - p. 20)

Any changes to this stipulation will be made in accordance with the land use plan and/or the regulatory provisions for such changes. (For guidance on the use of this stipulation, see BLM Manual 1624 and 3101 or FS Manual 1950 and 2820.)